

DATE ISSUED: February 2, 2001

REPORT NO. 01-024

ATTENTION: Honorable Mayor and City Council

SUBJECT: Ballpark and Redevelopment Project Status

REFERENCE: City Council meeting of January 9, 2001

SUMMARY

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE CITY COUNCIL.

BACKGROUND

The Ballpark and Redevelopment Project is part of a larger urban revitalization project in the East Village neighborhood of downtown San Diego undertaken by the City, the Redevelopment Agency of the City, the Centre City Development Corporation (CCDC), the San Diego Padres, the Port of San Diego, and other private developers. A Ballpark District has been created south of Market Street, adjacent to the Gaslamp Quarter and across from the Convention Center, to plan redevelopment in this area which will include a new ballpark as the anchor tenant.

The ballpark facility will occupy approximately 18 acres in the East Village neighborhood of downtown San Diego, bordered by J Street on the north, 7th Avenue on the west, 10th Avenue on the east, Park Boulevard on the south and a frontage road along the railroad tracks between Park Boulevard and 7th Avenue. The ballpark is expected to hold up to 46,000 people by means of approximately 42,000 fixed seats, standing room locations for up to 1,500 people, and picnic and lawn seating areas in the Park at the Park for approximately 2,500 people. It will be an open-air, natural grass, state-of-the-art, multiple-use ballpark.

On November 3, 1998, approximately 60 percent of the citizens voting in the general election approved *A Memorandum of Understanding (MOU) Concerning a Ballpark District, Construction of a Baseball Park and a Redevelopment Project* between the City, the Redevelopment Agency, CCDC and the Padres. The MOU is the document that outlines the responsibilities of each party for the project. The MOU provides for land acquisition, and construction and installation of the ballpark facility, parking facilities and other public improvements. Additionally, requirements for ancillary development, including hotels, retail and

residential facilities, and office space, are outlined in this document. (see Attachment 1 for a map of the area)

DISCUSSION

The current estimated project cost is \$452.6 million, to be funded by four key elements of investment:

City of San Diego	\$225.0 million *
Redevelopment Agency	\$ 61.0 million
Padres/Private Sources	\$145.6 million
Other/Port	<u>\$ 21.0 million</u>
Project Total	\$452.6 million

To date, expenditures toward the project are as follows:

City of San Diego	\$ 25.7 million
Redevelopment Agency	\$ 55.7 million
Padres/Private Sources	<u>\$ 56.6 million</u>
Project Total	\$138.0 million

* The City is to provide a maximum of \$225 million to the construction of the project from the net proceeds of the financing.

As the investment is shared, the responsibilities for developing the project are spread amongst the various parties involved as well. The City is responsible for the planning and construction of infrastructure improvements in the area, CCDC is responsible for the acquisition of land, and the Padres are responsible for building the ballpark facility and the Padres, or developers the Padres designate, will build the ancillary development.

The infrastructure work includes demolition and removal of existing structures, design and construction of new roads, realignment of existing roads, streetscape and landscape, parking lots and public utilities to support the East Village Redevelopment Project. The City is coordinating all of this work and has engaged Sverdrup Civil, Inc. as the design and construction manager. Sverdrup is performing most of this work on behalf of the City, though the Padres have responsibility for building the P1 parking structure. Additionally, the dry utility (telephone, cable television, fiber, gas and electric) work is being performed by the respective utility companies.

Currently, through three phases of interim funding approved since August 1999, expenditures for City infrastructure work total \$10.2 million. To this point, urban design value engineering has been performed and a hazardous material building survey has been completed. The ballpark footprint has been entirely demolished and the soil remediated, and the site has been turned over to the Ballpark Developers to allow construction of the ballpark facility to begin. Additional demolition on some of the adjacent properties, including three East Village Square blocks, the refrigeration building, and the SDG&E warehouse, has been conducted. A tree growing contract

has been purchased so that trees will have time to grow to the proper size before planting. 100% design of the public improvement plans has been completed and plans for the surface parking lots are at the preliminary design stage. Most recently, public improvement construction bid packages were prepared in anticipation of Sverdrup's hiring of subcontractors to perform additional demolition, and construct water and storm drain facilities. The infrastructure work has proceeded steadily in support of the entire East Village Redevelopment area.

The Redevelopment Agency and CCDC are responsible for the acquisition of land associated with the Ballpark Project. The land acquisition budget totals \$100 million, a portion of which is funded by CCDC and the remainder by the other parties involved. This budget covers land assembly costs relating to property under the ballpark facility, certain new public rights-of-way, the parking facilities, and East Village Square, which is adjacent to the Park at the Park and is a component of the East Village Redevelopment Project. The land assembly cost for such property includes the purchase price, cost to relocate eligible tenants, goodwill payments for relocated businesses, indirect expenses associated with acquisition of the property, and remediation as required. A large portion of the land required for the project has been assembled to date. (See Attachment 2 for details.)

The Padres are responsible for the design and the construction of the ballpark facility and any cost overruns. They will also develop a parking structure on the site known as P1, a block northeast of the ballpark facility. Additionally, the Padres, or developers the Padres designate, will build the ancillary development surrounding the new ballpark facility, described further below.

Construction of the ballpark facility began in May 2000 by the Padres, with the start of site grading. Expenditures related to the ballpark facility have totaled approximately \$46.5 million, of which the City has reimbursed approximately \$14.5 million from the interim funding. Facility construction was suspended on October 2, 2000 at which time the total construction was 15% completed. Construction elements are at various stages of completion:

- \$ Underground utilities 69% completed
- \$ Earthwork 72% completed
- \$ Deep foundations (driven piles) 100% completed
- \$ Pre-cast seating, fabrication, 24% completed
- \$ Structural steel, fabrication, 20% completed
- \$ Reinforced concrete structure 34% completed

Upon suspension of the construction, the Padres, Hines and the Ballpark Builders were in the process of establishing the Guaranteed Maximum Price for the construction of the Ballpark. Bids were received for 100% of the subcontracted work and approximately 60% of the subcontracted work had already been awarded. The remaining 40% will be re-bid once the project resumes. As of the date of project suspension, the projected cost of the project was within the established design and construction budget.

In addition to the ballpark facility itself, the Padres, or developers designated by the Padres, are responsible for the development of the Ancillary Development within the East Village

Redevelopment District. Pursuant to the MOU, the Ancillary Development is to include at least 850 new hotel rooms, office complexes containing at least 600,000 square feet with associated parking, and retail development containing at least 150,000 square feet. (Attachment 2 provides the status of the ancillary development.)

The Port District is the fourth investment component of the project. The City and Port are attempting to implement an agreement regarding the purchase of certain surface parking lots, which are components of the Ballpark Project, in the amount of \$21 million. If this agreement is implemented, the Port would purchase from the City the four parking areas, known collectively as Tailgate Park, as a completed parking lot. CCDC will assemble the land initially and Sverdrup, under the City's direction as part of their infrastructure contract, will develop the land into a surface parking lot. This transaction is subject to approval by the State Lands Commission.

In summary, the current budgeted project investment is \$452.6 million, composed of four key project investments. Between the City, CCDC, and the Padres and private developers, \$138 million has been expended to-date toward completion of the project. As initially outlined, the City is to provide a maximum of \$225 million to the construction of the project from the net proceeds of the financing. There are legal challenges that remain to be resolved before City financing can commence.

Respectfully submitted,

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HERRING/LKC

Approved by: Bruce Herring
Deputy City Manager

Note: Attachments are not available in electronic format. A copy is available for review in the Office of the City Clerk.

Attachments: 1. Urban Design and Development Plan – Map 4g
2. Ballpark Status Report from CCDC